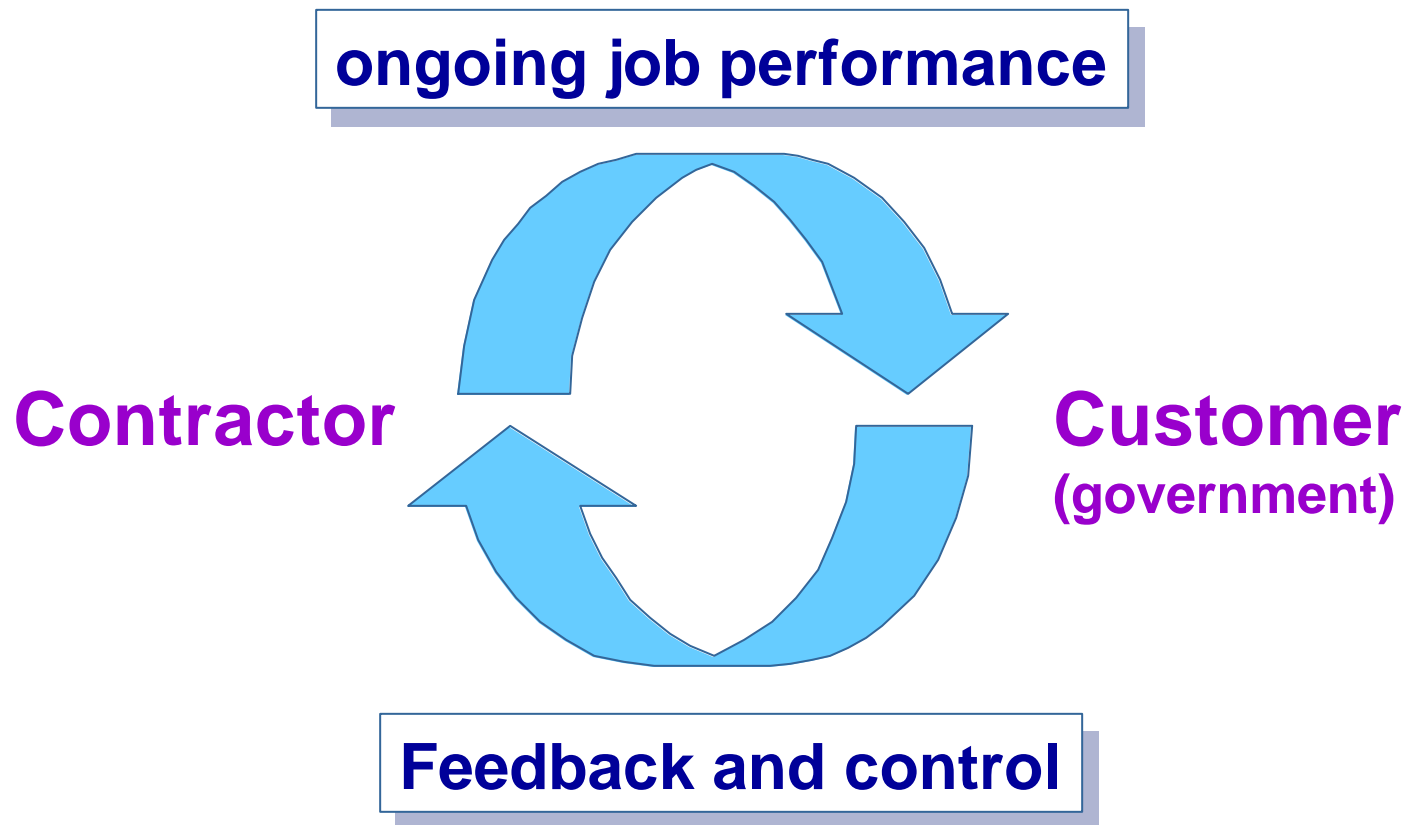




Managing Programs with Cost Performance Reports

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Effective Project Control





The Cost Performance Report

- **Formal data item for major contracts**
 - at present, not on firm fixed price contracts
 - DI-**MGMT**-81466
 - moved from financial series
- **Purpose**
 - **management report**
 - provides timely, reliable summary level data
 - assesses current and projected contract performance



Primary Value

- **Early and accurate identification of trends and problems**
- **Accurate picture of contract status**
 - cost, schedule, and technical
- **Basis for course correction**
- **Supports mutual goals**
 - bring project in on schedule and cost



Legacy of CPR Reporting

- **Old data by time it reached managers**
 - CPR seen as history report only
 - good look back
- **Burdensome, costly paperwork**
 - Imposed all 5 formats
 - monthly report could generate hundreds of pages
- **Limited feedback to contractor**
- **No integration to program schedule or risk or technical status**



How can we manage programs using the CPR?

**In order for the CPR to be used as a
management tool....**

***We must tailor it to reflect the
management structure, policy, and
operating culture of the contractor.***

**Otherwise, it will be seen simply as an external
report!**



Reform Initiatives

- **Strive for minimal data**
 - Tailor the level of reporting to match program risk at different WBS levels
 - eliminate either Format 1 (WBS) **or** Format 2 (functional)
 - Can eliminate other formats
 - Format 3, Baseline
 - Format 4, Manpower forecasts
 - Format 5, Variance Analysis

Either is the only mandatory format



Reform Initiatives

- **Tailoring**
 - CPR should reflect the contractor's management structure
 - variance analysis (Format 5)
 - example: Integrated Product Teams
 - should be written by person who has control of work and resources
 - Focus on **significant** variances
 - contractor determined
 - Top Ten, etc.
 - customer specified (\$ or %)
 - should have mutual agreement up front, reviewed periodically
 - dialogue during source selection



Reform Initiatives

- **Contractor format acceptable**
- **Electronic submission required**
 - ANSI X12 data set
- **Timing**
 - flash data (early submittal of performance data before variance analysis)



CPR Analysis within the SPO

- **Assign to technical managers within program offices**
- **Conduct monthly team variance meetings**
- **Work closely with DCMC team**
- **Share results of analysis with contractor**



Continuous Improvement

- **Attend contractor variance meetings**
- **Periodic review of CPR with contractor**
 - Do we need to modify the report?
 - Are we getting only the data that we need?
 - Are our corrective plans working?
 - **Are we using this as a tool to manage the program?**



Keys to Success

- **Don't force contractor's management structure into CPR**
 - CPR should follow structure
- **Periodic review of process**
- **Program managers and technical staff must support 100%**
- **Open communication and feedback**

Let's work together to make this right

Summary

- **Measures of Successful Reform**
 - CPR process used to make daily decisions about program execution
 - contractor and government
 - CPR not seen as burdensome report and
 - Programs are completed on time and within budget

